

Message Text

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ACTION COME-00

INFO OCT-01 AF-08 ISO-00 CIAE-00 INR-07 NSAE-00 DODE-00

EB-07 /023 W

-----182153Z 080644 /70

R 181426Z JAN 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 8691

C O N F I D E N T I A L LAGOS 0550

E.O. 11652: GDS

TAGS: ECRE, BENC, MILI, NI

SUBJECT: NIGERIAN

ARMY BARRACKS

REF: A) LAGOS 13783, 12/10/76; B) EMBASSY MEMO DATED 12/17/76

1. C-E TEC APPEARS TO HAVE LOST AWARD FOR SUPERVISION OF NIGERIAN ARMY BARRACKS/CANTONMENTS PROJECT. COMPANY EXECUTIVES HAVE INFORMED US PROBLEMS STARTED SHORTLY AFTER RECEIVING LETTER OF INTENT FROM MOD ON OCTOBER 15, PRIOR TO DEVELOPING FORMAL CONTRACT. EVIDENCE SHOWS THT HEAD OF STATE OBASANJO BECAME INCREASINGLY CONCERNED OVER CONCEPT AND COST OF COMPANY'S PROJECT MANAGEMENT PROPOSAL. WHILE C-E TEC POSITION SUPPORTED BY ARMY CHIEF OF STAFF DANJUMA AND OTHER RANKING MOD OFFICIALS, OBASANJO MOVED BEHIND THE SCENES TO REPLACE C-E TEC WITH GROUP OF GOVERNMENT ARCHITECTS HEADED BY FOLO ALADE, OLD CRONY FROM MINISTRY OF WORKS WHEN OBASANJO WAS COMMISSIONER

THERE.

2. C-E TEC LEARNED OF TROUBLE WHEN FMG ORDERED STOP PAYMENT ON MOBILIZATION CHECK NOVEMBER 16. COMPANY EXECUTIVES CAME TO LAGOS TO ARGUE CASE BUT WERE TOLD BY ALADE THAT HE WAS NEW PERMANENT SECRETARY OF NEWLY CREATED AGENCY CALLED "ARMED FORCES DEVELOPMENT PROJECTS TASK FORCE." HE STATED THAT COMPANY HAD NO AGREEMENT WITH HIS GROUP AND THAT IT SHOULD SIMPLY COLLECT WHATEVER
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FEES WERE OWED TO IT FROM MOD. ITS SERVICES REGARDING ARMY HOUSING WERE NO LONGER NEEDED. HURTING C-E TEC'S CASE WAS THE ABSENCE OF DANJUMA ON AN OFFICIAL VISIT TO ENGLAND. IN OFFICIAL LETTER DATED DECEMBER 14, ALADE CONFIRMED IN WRITING THAT C-E TEC'S SERVICES NO LONGER REQUIRED.

3. IN POST-CHRISTMAS RETURN VISIT TO LAGOS, C-E TEC'S PELKEY

TOLD BY MODOFFICIALS THAT THEY THOUGHT TREATMENT METED OUT
BY ALADE WAS VERY UNFAIR. HOWEVER, OBASANJO'S WISHES HAD TO
BE HONORED AND DANJUMA AND STAFF HAD ACCEPTED DICTUM THAT QUOTE PROF-

SSIONALS WITHIN NIGERIA WERE CAPABLE OF HANDLING
PROJECT END QUOTE. ALADE IS ARCHITECT OF TRAINING AND WORKS
CLOSELY WITH INDIANS ON HIS STAFF. THIS GROUP IS NOW GIVING
OUT BID FORMS TO CONTRACTORS PREVIOUSLY SELECTED BY C-E TEC.

4. IN EARLY OCTOBER, C-E TEC COMPLETED FIRST PHASE OF ARMY
HOUSING PROJECT CONSISTING OF EVALUATION AND SELECTION OF
INDUSTRIAL BUILDING SYSTEMS AND CONTRACTORS. FOR THIS IT WAS
PAID 1.5 MILLION DOLLARS. SECOND PHASE, WHICH HAS JUST BEEN
TAKEN AWAY. CONSISTS OF DESIGN OF SITE INFRASTRUCTURE FOR 20
CANTONMENTS AND OVERALL PROJECT MANAGEMENT OF CONSTRUCTION ON
THESE CANTONMENTS FOR THREE YEARS. THIS THEORETICALLY WOULD
HAVE BEEN FOLLOWED BY SIMILAR RESPONSIBILITIES FOR TWO MORE
PROJECTS OF 20 CANTONMENTS EACH. FEE EARNED FOR EACH OF THESE
PROJECTS ESTIMATED AT 20 MILLION DOLLARS LOSS OF AWARD
THUS MEANS LOSS OF GROSS INCOME OF 60 MILLION DOLLARS.

5. COMPANY IS PROCURING SERVICES OF NIGERIAN LAWYER
FRED EGBE TO HANDLE COLLECTION CASE AS IT HAS EXPENDED
"CONSIDERABLE AMOUNT" IN PREPARING BID DOCUMENTS AND IN
OTHER MOBILIZATION COSTS AND HAS TURNED AWAY SIZEABLE
AMOUNT OF OTHER BUSINESS IN ORDER TO CONCENTRATE ON
PROJECT. C-E TEC WILL ASK FOR SIGNIFICANT AMOUNT OF
COMPENSATION. A STIFF FIGHT IS EXPECTED BUT COMPANY
WISHES TO PRESERVE GOOD RELATIONS WITH FMG. ONE REASON
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IS PORT MODERNIZATION/CONSULTATION CONTRACT NOW BEING
NEGOTIATED WITH MINISTRY OF TRANSPORT.

6. RECENTLY APPOINTED PRESIDENT C-E TEC JOHN SLOCUM
ARRIVES LAGOS JANUARY 19. FONXER PRESIDENT GORDON BRONSON
NOW CORPORATE VICE PRESIDENT FOR PARENT COMPANY COMBUSTION
ENGINEERING IN WASHINGTON, D.C.
EASUM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMPENSATION, CONSTRUCTION, HOUSING, CONTRACTS, PROGRAMS (PROJECTS), MILITARY LOGISTICS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS00550
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770018-1127
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770142/aaaabkqy.tel
Line Count: 105
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e67c47d5-c288-dd11-92da-001cc4696bcc
Office: ACTION COME
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 LAGOS 13783
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3574006
Secure: OPEN
Status: NATIVE
Subject: NIGERIAN ARMY BARRACKS
TAGS: ECRE, BENC, MILI, NI
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e67c47d5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009